

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Jay Emler at 10:55 a.m. on April 30, 2009, at the Rail of the Capitol.

All members were present except:

Senator Laura Kelly - excused
Senator Kelly Kultala - excused
Senator Janis Lee - excused

Committee staff present:

J. G. Scott, Kansas Legislative Research Department
Michael Steiner, Kansas Legislative Research Department
Estelle Montgomery, Kansas Legislative Research Department
Dylan Dear, Kansas Legislative Research Department
Jill Wolters, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes
Jim Wilson, Office of the Revisor of Statutes
Melinda Gaul, Chief of Staff
Shirley Jepson, Committee Assistant

Action on SB 311 - State budget, state general fund ending balance requirements, revenue shortfalls and reductions in authorized expenditures, economic impact statements, fiscal note updates.

Senator Schodorf moved to reconsider Committee action on SB 311. The motion was seconded by Senator Wysong. Motion carried on a voice vote.

Jill Wolters, Revisor, distributed copies of amendments proposed to **SB 311** (Attachment 1).

Chairman Emler noted that all references to "or less" will be deleted from the legislation in the amended form as addressed by the Committee on April 29, 2009.

Senator Vratil moved to reconstitute SB 311 with the amendments as presented for Senate Substitute for SB 311 and recommend S Sub for SB 311 favorably for passage. The motion was seconded by Senator Wysong. Motion carried on a voice vote.

The meeting was adjourned at 11:00 a.m.

Substitute for

SENATE BILL No. 311

By Committee on Ways and Means

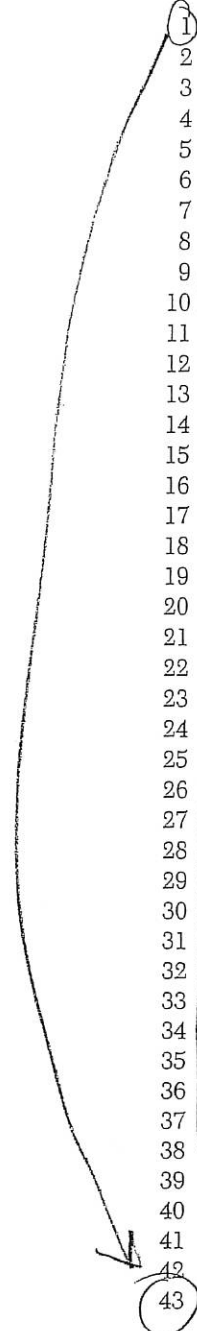
3-11

9 AN ACT concerning the state budget; state general fund and special
10 revenue fund expenditures, transfers and ending balance require-
11 ments; reduction and allotment procedures; ~~economic impact state-~~
12 ~~ments and fiscal note updates for legislation,~~ amending K.S.A. 75-3722
13 and 75-6704 and repealing the existing sections.
14

15 *Be it enacted by the Legislature of the State of Kansas:*

16 New Section 1. (a) The director of legislative research shall prepare
17 an economic impact statement in accordance with this section for a bill
18 or other matter under consideration by the legislature upon request of:
19 (1) The president of the senate;
20 (2) the majority leader of the senate;
21 (3) the minority leader of the senate;
22 (4) the chairperson of the committee on ways and means of the senate
23 or the successor committee;
24 (5) the ranking minority member of the ways and means committee
25 of the senate or the successor committee;
26 (6) the chairperson of the assessment and taxation committee of the
27 senate or the successor committee;
28 (7) the ranking minority member of the assessment and taxation com-
29 mittee of the senate or the successor committee;
30 (8) the speaker of the house of representatives;
31 (9) the majority leader of the house of representatives;
32 (10) the minority leader of the house of representatives;
33 (11) the chairperson of the committee on appropriations of the house
34 of representatives or the successor committee;
35 (12) the ranking minority member of the committee on appropriations
36 of the house of representatives or the successor committee;
37 (13) the chairperson of the committee on taxation of the house of
38 representatives or the successor committee; or
39 (14) the ranking minority member of the committee on assessment
40 and taxation of the house of representatives.
41 (b) The director of legislative research shall prepare a statement of
42 significant economic impacts of the bill or other matter specified in the
43 request upon the Kansas economy. The economic impact statement shall

1 include:
 2 (1) A brief description of the bill or other matter;
 3 (2) whether the bill or other matter is mandated by federal law as a
 4 requirement for participating in or implementing a federally subsidized
 5 or assisted program and whether the bill or other matter meets or exceeds
 6 the requirements of applicable federal law;
 7 (3) a description of the cost estimate of the bill or other matter, the
 8 persons and the state agencies that will bear the costs; and
 9 (4) economic analyses of the effects of the bill or other matter under
 10 consideration on significant economic indicators, which may include, but
 11 which are not limited to, projected growth or decline in the number and
 12 kinds of jobs, general economic growth and inflation factors in the short-
 13 term and long-term, in conjunction with the characteristics of current
 14 economic factors that are significant in the Kansas economy, and the
 15 impact of selected economic indicators that are specified in the request.
 16 (c) The director of legislative research shall exercise informed, in-
 17 dependent professional judgment and may have the assistance of qualified
 18 professional staff in the legislative research department and assistance
 19 from Kansas, Inc., or other state agencies, as determined appropriate, to
 20 prepare economic impact statements. The director of legislative research
 21 may use widely accepted econometric techniques, including dynamic
 22 scoring, to assist in the preparation of economic impact statements. The
 23 director of legislative research may consult with other state agencies, cit-
 24 ies, counties, school districts or other local governmental entities, as ap-
 25 propriate, when preparing the economic impact statement of a bill or
 26 other matter which increases or decreases revenues of state government,
 27 cities, counties, school districts or other local governmental entities or
 28 which imposes functions or responsibilities on state government, cities,
 29 counties, school districts or other local governmental entities which may
 30 increase expenditures or fiscal liability. A copy of the current economic
 31 impact statement on a bill or other matter shall be available from the
 32 Kansas legislative research department upon request.
 33 (d) Upon request of the director of legislative research, the director
 34 of the budget, the secretary of revenue, Kansas, Inc., and each other state
 35 agency shall provide assistance in the preparation of an economic impact
 36 statement for a bill, including any supplemental or revised statement. The
 37 economic impact statement and each supplement thereto or revision
 38 thereof shall include a reliable estimate of the anticipated changes in the
 39 Kansas economy and the revenues and expenditures of the state. It also
 40 shall include a statement, if determinable or reasonably foreseeable, of
 41 the immediate and long-range economic impact of the bill or other matter
 42 upon persons subject thereto and the general public. If, after careful
 43 investigation and analysis, it is determined that a reliable monetary cost



1 estimate is not possible, the statement shall set forth the reasons why no
2 monetary cost estimate can be prepared. Every state agency shall coop-
3 erate with the director of legislative research in the preparation of any
4 statement pursuant to this section when, and to the extent, requested by
5 the director of legislative research.

6 New Sec. 2. (a) In accordance with this section, the director of leg-
7 islative research may review and may prepare an update for each fiscal
8 note prepared by the division of the budget under K.S.A. 75-3715a, and
9 amendments thereto, for a bill or other matter under consideration by
10 the legislature, which has changes recommended or adopted by a com-
11 mittee or by the senate or the house of representatives, upon request of:

- 12 (1) The president of the senate;
- 13 (2) the majority leader of the senate;
- 14 (3) the minority leader of the senate;
- 15 (4) the chairperson of the committee on ways and means of the senate
16 or the successor committee;
- 17 (5) the ranking minority member of the ways and means committee
18 of the senate or the successor committee;
- 19 (6) the chairperson of the assessment and taxation committee of the
20 senate or the successor committee;
- 21 (7) the ranking minority member of the assessment and taxation com-
22 mittee of the senate or the successor committee;
- 23 (8) the speaker of the house of representatives;
- 24 (9) the majority leader of the house of representatives;
- 25 (10) the minority leader of the house of representatives;
- 26 (11) the chairperson of the committee on appropriations of the house
27 of representatives or the successor committee;
- 28 (12) the ranking minority member of the committee on appropria-
29 tions of the house of representatives or the successor committee;
- 30 (13) the chairperson of the committee on taxation of the house of
31 representatives or the successor committee; or
- 32 (14) the ranking minority member of the committee on assessment
33 and taxation of the house of representatives.

34 (b) The director of legislative research shall prepare each updated
35 fiscal note in accordance with the provisions and procedures and subject
36 to the guidelines prescribed by K.S.A. 75-3715a, and amendments
37 thereto.

38 (c) The director of legislative research shall exercise informed, in-
39 dependent professional judgment and shall have the assistance of quali-
40 fied professional staff in the legislative research department to prepare
41 the updates to fiscal notes in accordance with this section. The director
42 of legislative research may use widely accepted econometric techniques,
43 including dynamic scoring, to assist in the preparation of updates to fiscal

1 notes. The director of legislative research may consult with Kansas, Inc.,
 2 other state agencies, cities, counties, school districts or other local gov-
 3 ernmental entities, as appropriate, in preparing updates to fiscal notes. A
 4 copy of the current updated fiscal note on a bill or other matter shall be
 5 available from the Kansas legislative research department upon request.
 6 (d) Upon request of the director of legislative research, the director
 7 of the budget, the secretary of revenue, Kansas, Inc., and each other state
 8 agency shall provide assistance in preparing updates to fiscal notes under
 9 this section. Every state agency shall cooperate with the director of leg-
 10 islative research in the preparation of any statement pursuant to this sec-
 11 tion when, and to the extent, requested by the director of legislative
 12 research.

renumber
 sections
 accordingly

13 Sec. 3. K.S.A. 75-3722 is hereby amended to read as follows: 75-
 14 3722. (a) An allotment system will be applicable to the expenditure of
 15 the resources of any state agency, under rules and regulations established
 16 as provided in K.S.A. 75-3706, and amendments thereto, only if, in the
 17 opinion of the secretary of administration on the advice of the director
 18 of the budget, the use of an allotment plan is necessary or beneficial to
 19 the state. In making this determination the secretary of administration
 20 shall take into consideration all pertinent factors including (1) available
 21 resources, (2) current spending rates, (3) work loads, (4) new activities,
 22 especially any proposed activities not covered in the agency's request to
 23 the governor and the legislature for appropriations, (5) the minimum
 24 current needs of each agency, (6) requests for deficiency appropriations
 25 in prior fiscal years, (7) unexpended and unencumbered balances, and (8)
 26 revenue collection rates and prospects.

27 (b) Whenever for any fiscal year it appears that the resources of the
 28 ~~general fund or~~ any special revenue fund are likely to be insufficient to
 29 cover the appropriations made against such ~~general fund or~~ special rev-
 30 enue fund, the secretary of administration, on the advice of the director
 31 of the budget, shall, in such manner as ~~he or she~~ the secretary of admin-
 32 istration may determine, inaugurate the allotment system so as to assure
 33 that expenditures for any particular fiscal year will not exceed the available
 34 resources of ~~the general fund or any such~~ special revenue fund for that
 35 fiscal year.

36 (c) The allotment system shall not apply to the ~~legislature or to the~~
 37 ~~courts or their state general fund or to any appropriations for the legis-~~
 38 ~~lative or judicial branches of state government or to any agencies or of-~~
 39 ~~ficers and employees of such branches.~~

40 (d) Agencies affected by decisions of the secretary of administration
 41 under this section shall be notified in writing at least ~~thirty (30)~~ 30 days
 42 before such decisions may become effective and any affected agency may,
 43 by written request addressed to the governor within ~~ten (10)~~ 10 days after

1 such notice, ask for a review of the decision by the ~~finance council gov-~~
2 ~~ernor~~. The ~~finance council governor~~ shall hear appeals and render a de-
3 cision within ~~twenty (20)~~ 20 days after the governor receives requests for
4 such hearings.

5 Sec. 4. K.S.A. 75-6704 is hereby amended to read as follows: 75-
6 6704. (a) The director of the budget shall continuously monitor the status
7 of the state general fund with regard to estimated and actual revenues
8 and approved and actual expenditures and demand transfers. Periodically,
9 the director of the budget shall estimate the amount of the unencum-
10 bered ending balance of moneys in the state general fund for the current
11 fiscal year and the total amount of anticipated expenditures, demand
12 transfers and encumbrances of moneys in the state general fund for the
13 current fiscal year.

14 (b) (1) If the amount of such unencumbered ending balance in the
15 state general fund is less than ~~\$100,000,000~~ *the amount equal to 3.5% or*
16 *less of the total amount authorized to be expended or transferred by de-*
17 *mand transfer from the state general fund in such fiscal year, as jointly*
18 *estimated by the director of the budget and the director of legislative*
19 *research under K.S.A. 75-6702, and amendments thereto, the director of*
20 *the budget shall certify to the governor the difference between*
21 *\$100,000,000 the amount equal to 3.5% or less of the total amount au-*
22 *thorized to be expended or transferred by demand transfer from the state*
23 *general fund in such fiscal year, as jointly estimated by the director of the*
24 *budget and the director of legislative research under K.S.A. 75-6702, and*
25 *amendments thereto, and the amount of such unencumbered ending bal-*
26 *ance in the state general fund, after adjusting the estimates of the*
27 *amounts of such demand transfers with regard to new estimates of rev-*
28 *enues to the state general fund, where appropriate.*

29 ~~(b)~~ (2) Upon receipt of any such certification and subject to approval
30 of the state finance council acting on this matter which is hereby declared
31 to be a matter of legislative delegation and subject to the guidelines pre-
32 scribed by subsection (c) of K.S.A. 75-3711c, and amendments thereto,
33 the governor may issue an executive order reducing, by applying a per-
34 centage reduction determined by the governor in accordance with this
35 section, ~~(1)~~ (A) the amount authorized to be expended from each appro-
36 priation from the state general fund for the current fiscal year, other than
37 any item of appropriation for debt service for payments pursuant to con-
38 tractual bond obligations or any item of appropriation for employer con-
39 tributions for the employers who are eligible employers as specified in
40 subsections (1), (2) and (3) of K.S.A. 74-4931, and amendments thereto,
41 under the Kansas public employees retirement system pursuant to K.S.A.
42 74-4939, and amendments thereto, and ~~(2)~~ (B) the amount of each de-
43 mand transfer from the state general fund for the current fiscal year, other

1 than any demand transfer to the school district capital improvements fund
2 for distribution to school districts pursuant to K.S.A. 75-2319, and amend-
3 ments thereto.

4 ~~(e)~~ (3) The reduction imposed by an executive order issued under
5 this ~~section~~ subsection (b) shall be determined by the governor and may
6 be equal to or less than the amount certified under this subsection ~~(a)~~
7 (b). ~~Except as otherwise specifically provided by this section, the per-~~
8 ~~centage reduction applied under subsection (b) shall be the same for each~~
9 ~~item of appropriation and each demand transfer and shall be imposed~~
10 ~~equally on all such items of appropriation and demand transfers without~~
11 ~~exception. The executive order issued by the governor under this subsec-~~
12 ~~tion (b) shall specify a specific percentage reduction for each item of ap-~~
13 ~~propriation or demand transfer from the state general fund, as determined~~
14 ~~by the governor, which is not required to be the same percentage reduc-~~
15 ~~tion for all such items of appropriation or demand transfers.~~

16 (4) The provisions of this subsection (b) shall not apply if the amount
17 of the unencumbered ending balance in the state general fund for the fiscal
18 year ending June 30, 2010, or any fiscal year thereafter, is determined to
19 be insufficient to cover the remaining amount authorized to be expended
20 or transferred by demand transfer from the state general fund in such
21 fiscal year, as jointly estimated by the director of the budget and the
22 director of legislative research under K.S.A. 75-6702, and amendments
23 thereto. In any such case, the provisions of subsection (c) shall apply.

24 (5) During any fiscal year, any expenditures from the state general
25 fund for disasters or emergencies that receive a federal disaster declara-
26 tion designation may be excluded from any determination of whether the
27 ending balance in the state general fund is equal to 3.5% or less of the
28 total amount authorized to be expended or transferred by demand transfer
29 from the state general fund in such fiscal year.

30 (6) No such percentage reduction and no provisions of any such ex-
31 ecutive order under this ~~section~~ subsection (b) shall apply or be construed
32 to reduce: (A) Any item of appropriation for debt service for payments
33 pursuant to contractual bond obligations ~~or~~; (B) any item of appropriation
34 for employer contributions for the employers who are eligible employers
35 as specified in subsections (1), (2) and (3) of K.S.A. 74-4931, and amend-
36 ments thereto, under the Kansas public employees retirement system
37 pursuant to K.S.A. 74-4939, and amendments thereto, or (C) any demand
38 transfer to the school district capital improvements fund for distribution
39 to school districts pursuant to K.S.A. 75-2319, and amendments thereto.
40 The provisions of such executive order shall be effective for all state agen-
41 cies of the executive, legislative and judicial branches of state government.

(1)

42 (c) Whenever the amount of the unencumbered ending balance in the
43 state general fund for the fiscal year ending June 30, 2010, or any fiscal

1 year thereafter, is determined to be insufficient to cover the remaining
 2 amount authorized to be expended or transferred by demand transfer
 3 from the state general fund in such fiscal year, as jointly estimated by the
 4 director of the budget and the director of legislative research under K.S.A.
 5 75-6702, and amendments thereto, the director of the budget shall certify
 6 that determination to the governor and recommend a percentage reduc-
 7 tion to be applied to all items of appropriation and demand transfers from
 8 the state general fund so as to assure that expenditures for such fiscal year
 9 will not exceed the amount of the unencumbered ending balance in the
 10 state general fund for such fiscal year. Upon receipt of such certification
 11 and recommendation, and upon approval by the state finance council
 12 acting on this matter which is hereby characterized as a matter of legis-
 13 lative delegation and subject to the guidelines prescribed by subsection
 14 (c) of K.S.A. 75-3711c, and amendments thereto, the governor may issue
 15 an executive order imposing the same percentage reduction on each item
 16 of appropriation or demand transfer from the state general fund. Any
 17 such percentage reduction imposed for a fiscal year on appropriations
 18 and demand transfers from the state general fund shall be implemented
 19 by the governor, in such manner as the governor determines, so as to
 20 assure that expenditures and demand transfers from the state general fund
 21 for the fiscal year do not exceed the available resources of the state general
 22 fund for the fiscal year.

23 (d) If the governor issues an executive order under this section, the
 24 director of accounts and reports shall not issue any warrant for the pay-
 25 ment of moneys in the state general fund or make any demand transfer
 26 of moneys in the state general fund for any state agency unless such
 27 warrant or demand transfer is in accordance with such executive order
 28 and such warrant or demand transfer does not exceed the amount of
 29 money permitted to be expended or transferred from the state general
 30 fund.

31 (e) Nothing in this section shall be construed to (1) require the gov-
 32 ernor to issue an executive order under this section upon receipt of any
 33 such certification by the director of the budget; or (2) restrict the number
 34 of times that the director of the budget may make a certification under
 35 this section or that the governor may issue an executive order under this
 36 section.

37 Sec. 5. K.S.A. 75-3722 and 75-6704 are hereby repealed.

38 Sec. 6. This act shall take effect and be in force from and after its
 39 publication in the statute book.

except as otherwise provided by this subsection (c)

except as otherwise provided by this subsection (c)

under this subsection (c)

Insert (1) & (2)

(2) No such percentage reduction and no provisions of any such executive order under this subsection (c) shall apply or be construed to reduce: (A) Any item of appropriation for debt service for payments pursuant to contractual bond obligations , (B) any item of appropriation for employer contributions for the employers who are eligible employers as specified in subsections (1), (2) and (3) of K.S.A. 74-4931, and amendments thereto, under the Kansas public employees retirement system pursuant to K.S.A. 74-4939, and amendments thereto, or (C) any demand transfer to the school district capital improvements fund for distribution to school districts pursuant to K.S.A. 75-2319, and amendments thereto. The provisions of such executive order shall be effective for all state agencies of the executive, legislative and judicial branches of state government.